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<p>1 A. (Mizeski) Obviously, yes.</p> <p>2 MR. ROSARIO: That's all I</p> <p>3 have.</p> <p>4 THE CHAIRMAN: Thank you, Mr.</p> <p>5 Rosario. Mr. Ryan any redirect.</p> <p>6 MR. RYAN: No redirect.</p> <p>7 THE CHAIRMAN: Then next is</p> <p>8 Mr. Escobar. Before he comes forward, let's</p> <p>9 take a break till 11:00 o'clock and come</p> <p>10 back.</p> <p>11 (Whereupon, the witness was</p> <p>12 excused and a recess was taken from 10:55</p> <p>13 o'clock a.m. until 11:10 o'clock a.m.)</p> <p>14 THE CHAIRMAN: Back on the</p> <p>15 record.</p> <p>16 Mr. Escobar, if you'll stand,</p> <p>17 I'll swear you in, please.</p> <p>18 Raise your right hand.</p> <p>19</p> <p>20 L U I S E S C O B A R,</p> <p>21 called as a witness, being first</p> <p>22 duly sworn by the Chairman, was</p> <p>23 examined, and testified on his oath</p> <p>24 as follows:</p> <p>25</p>	<p>1 THE CHAIRMAN: Mr. Ryan.</p> <p>2</p> <p>3 EXAMINATION</p> <p>4 BY MR. RYAN:</p> <p>5 Q. (Ryan) Mr. Escobar, would you tell</p> <p>6 the Commissioner what positions you hold with</p> <p>7 the various intervening parties in this</p> <p>8 proceeding?</p> <p>9 A. (Escobar) I am the president for</p> <p>10 Escotel Cellular, Escotel - EscopCN</p> <p>11 Telecommunications and The Phone Extension.</p> <p>12 Q. (Ryan) And how long have you been</p> <p>13 in the reselling business?</p> <p>14 A. (Escobar) I've been in the</p> <p>15 reselling business since 1985 for cellular.</p> <p>16 Q. (Ryan) And before that, did you</p> <p>17 hold other positions in the</p> <p>18 telecommunications business?</p> <p>19 A. (Escobar) Yes. I worked for MCI,</p> <p>20 ITT Long-Distance Telephone Service, and I</p> <p>21 was also agent and reseller for ITT</p> <p>22 Long-Distance Telephone Service and other</p> <p>23 long-distance telephone companies.</p> <p>24 Q. (Ryan) I have prefile testimony</p> <p>25 dated May 5th, 1994, that you filed in this</p>

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<p>1 docket, and I believe you indicated to me off</p> <p>2 the record that there was one change that you</p> <p>3 wanted to make or bring to the Commission's</p> <p>4 attention on page 2.</p> <p>5 A. (Escobar) Oh, yes. In Page 2,</p> <p>6 there is a typographical error. It should</p> <p>7 say "kill," not "fill."</p> <p>8 Q. (Ryan) Nine lines down in the first</p> <p>9 paragraph section entitled, "Cross</p> <p>10 Subsidization"?</p> <p>11 A. (Escobar) Yes.</p> <p>12 Q. (Ryan) Would you care to comment on</p> <p>13 the -- since we're on the issue of cross</p> <p>14 subsidization, would you care to comment how</p> <p>15 you as a reseller feel about this issue?</p> <p>16 A. (Escobar) For resellers, we are in</p> <p>17 very difficult situation to be able to</p> <p>18 compete when the carriers arm SNET area, Linx</p> <p>19 and Metro Mobile, Bell Atlantic, the retail</p> <p>20 arm, especially when Linx has been more</p> <p>21 difficult than any other carrier. They have</p> <p>22 preferred treatment, they have previous</p> <p>23 notice of every new cell site or any new</p> <p>24 project or new rates, and the reseller cannot</p> <p>25 compete this way because he realize those</p>	<p>1 programs are in place.</p> <p>2 Q. (Ryan) Well, specifically on the</p> <p>3 issue of the cross subsidization, which is,</p> <p>4 according to your testimony, the financial or</p> <p>5 other assistance that the parent corporation</p> <p>6 gives to its subsidiary, what problems does</p> <p>7 that present to you as a reseller?</p> <p>8 A. (Escobar) I want you to repeat the</p> <p>9 question again, Tom.</p> <p>10 Q. (Ryan) Okay. The cross</p> <p>11 subsidization issue is the issue of the</p> <p>12 parent corporation giving financial or other</p> <p>13 assistance to its subsidiary, in this case,</p> <p>14 SNET Mobility, which is the retail arm. How</p> <p>15 does that affect you as a reseller?</p> <p>16 A. (Escobar) Well, that affected the</p> <p>17 reseller very great because the reseller</p> <p>18 normally don't have the deep pockets like</p> <p>19 Mark Bluemling states to me, you want to be</p> <p>20 in this business, you have to have deep</p> <p>21 pockets, and obviously SNET had deep pockets</p> <p>22 and are able to supply all cash to Linx they</p> <p>23 need.</p> <p>24 Q. (Ryan) Referring to your prefile</p> <p>25 testimony, you state that the offices for</p>

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1 SNET Mobility or Linx are located in the same
 2 building as SNET Cellular and Springwch
 3 Cellular?
 4 A. (Escobar) Yes.
 5 Q. (Ryan) And what effect does that
 6 have on you as a reseller, do you think?
 7 A. (Escobar) Well, as a reseller we
 8 have major problems right there. First, the
 9 retail arm can act quickly and activate
 10 deactivations, complaints, customer problems
 11 or whatever, and the area is the employees
 12 for the SNET Cellular or Springwch Cellular
 13 they have been trying on move to a Linx
 14 division and they know all the strategies,
 15 business plan for the resellers, and
 16 obviously Linx, they use that to compete with
 17 the resellers.
 18 Q. (Ryan) I think you've touched on
 19 another issue there as far as interchange of
 20 employees is concerned. If you want to
 21 comment on that, we can work on that area.
 22 When you started your companies,
 23 did you have meetings with people from SNET
 24 Cellular?
 25 A. (Escobar) Yes.

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1 your customer base?
 2 A. (Escobar) Yes.
 3 Q. (Ryan) What kind of discussions did
 4 you have in those areas?
 5 A. (Escobar) Into what market areas I
 6 should direct my efforts and how I acquire
 7 customers.
 8 Q. (Ryan) Do you feel that you gave
 9 any confidential or proprietary information
 10 to him during these conversations?
 11 A. (Escobar) Why yes, definitely.
 12 Q. (Ryan) What kind of confidential
 13 information?
 14 A. (Escobar) About the way I wanted
 15 plan to sell my services, rates. For several
 16 years in monthly or quarterly basis, we
 17 discuss what rates we were selling to our
 18 customers, different rate plans.
 19 Q. (Ryan) And what happened to Mr.
 20 Dammling?
 21 A. (Escobar) Mr. Dammling eventually
 22 went to work for a paging company and now he
 23 has been transferred again to Linx division.
 24 Q. (Ryan) Have you found that to be
 25 true in other cases with other people that

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1 Q. (Ryan) And who are those people?
 2 A. (Escobar) Charlie Dammling.
 3 Q. And what did you cover in those
 4 meetings?
 5 A. (Escobar) We -- they asked several
 6 questions like what rates we have, you know,
 7 what they are going affect us, the retail
 8 division.
 9 Q. (Ryan) Did he ask you what sort of
 10 strategies you might have in carrying on your
 11 business?
 12 A. (Escobar) Not only they ask you for
 13 business plan, most of the resellers have to
 14 present a business plan; how we are going to
 15 bring the business into this marketplace or
 16 how we going to work.
 17 Q. (Ryan) Did he discuss with you
 18 retail rates or pricing?
 19 A. (Escobar) In some instances, he --
 20 they discuss retail rates and prices with me,
 21 yes.
 22 Q. (Ryan) Did he also discuss
 23 marketing strategy?
 24 A. (Escobar) Yes.
 25 Q. (Ryan) You were attempting to build

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1 you've discussed your problems with at SNET
 2 Cellular or who now work for SNET Mobility,
 3 your competitor?
 4 A. (Escobar) Yes. Several people who
 5 been working with the activation group have
 6 been going work for Linx or either in the
 7 collection department or order divisions of
 8 the Linx company.
 9 Q. (Ryan) How about Mr. Bluemling, who
 10 testified here on behalf of SNET Mobility.
 11 Did you ever have any dealings with him when
 12 he was working for SNET Cellular?
 13 A. (Escobar) Yes.
 14 Q. (Ryan) And now he is working for
 15 SNET Mobility, which he has testified to is
 16 the retail arm?
 17 A. (Escobar) Yes.
 18 Q. (Ryan) What about the problem of
 19 bundling? Would you discuss that for the
 20 benefit of the Commission?
 21 A. (Escobar) Yes.
 22 Q. (Ryan) Would you care to do so?
 23 A. (Escobar) Well, I -- the bundling
 24 issue is also one of the problems the
 25 resellers -- we confront, and the fact we

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1 cannot support or finance the hardware like
2 the way Linx or SNET and Bell Atlantic can
3 do, they are able to sell telephone equipment
4 actually below cost, by different ways,
5 either direct marketing by themselves or by
6 paying high commissions to dealers and
7 agents. And these dealers and agents pass or
8 reduce the equipment cost to acquire the
9 subscriber.

10 Q. (Ryan) When you say, "below cost,"
11 what do you mean by below cost?

12 A. (Escobar) Well, the manufacture
13 telephone is a 200 dollar, we'll sell maybe
14 for 179 or in some instances, some dealers
15 they sell it for as little as one penny, I
16 believe, so these practices are encouraged by
17 the carriers, and they affect the consumer
18 and they affect the reseller and mostly the
19 consumer is the one being penalized because
20 lot of those consumers who buy very cheap
21 telephones or low-price telephones eventually
22 cannot pay the telephone bills and then they
23 get in financial straits and pay more what it
24 should be expended.

25 Q. (Ryan) As a private reseller,

1 individual reseller, do you feel that you can
2 participate in those type of programs?

3 A. (Escobar) Well, in my particular
4 case, I never sold one telephone, a piece of
5 equipment below my cost. I feel no reseller
6 can do that, because the capital invested is
7 tremendous and most of the resellers who try
8 that approach had been going out of business.

9 Q. (Ryan) Let me touch on the area of
10 denial of equal access that is in your
11 prefile testimony. I believe Mr. Mizeski
12 testified that your Bell Atlantic customers
13 are able to use other long-distance carriers
14 other than SNET America?

15 A. (Escobar) Well, Bell Atlantic we
16 can choose our own carrier. When SNET
17 Cellular not -- when SNET Cellular or
18 Springwichee, they choose to have only one
19 carrier, on either carrier they sign.

20 Not too long ago they switched to a
21 long-distance telephone service of their own
22 division. We as a reseller have the
23 opportunity to be able to deal with all carriers
24 for lower rates for long-distance telephone
25 service, but SNET prohibit that to us we no

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1 able to do.

2 We also, if we provide this service
3 to the consumer, will be able to give better
4 rates than the rates we pay to SNET right
5 now.

6 Q. (Ryan) How are you able to do that?

7 A. (Escobar) Well, most long-distance
8 telephone carriers provide services in bulk
9 also and Bell has in six-second increment.
10 We could perfectly charge the consumers in
11 six-second increment also and pass those
12 discounts to the consumers, too.

13 Q. (Ryan) Some of your opening
14 statements, you touched on the issue of
15 preferential treatment for the carrier
16 in-house retail companies or divisions.
17 Would you like to elaborate on that at all?

18 A. (Escobar) Well, yes. Like in SNET
19 Cellular, Linx have more preferable treatment
20 than any other seller. They have their own
21 billing system, who share with SNET Cellular
22 and SNET Mobility and SNET Linx. They are
23 able to activate and deactivate numbers
24 quickly and faster and our -- with the
25 resellers we cannot do that.

1 Q. (Ryan) Have there been instances
2 when the SNET Mobility retail offices have
3 been able to activate numbers over the
4 weekends and you were not made aware of that?

5 A. (Escobar) Several incidents have
6 been happened where the Linx people are
7 opened Saturday and activating number and the
8 reseller was not notified we could do that
9 Saturday.

10 Q. (Ryan) When I say activated I also
11 include change numbers.

12 A. (Escobar) Change and activated.

13 Q. (Ryan) And deactivated, yes.

14 Are there some promotional programs
15 that are offered by SNET Mobility that are
16 not available to you?

17 A. (Escobar) Yes. We talking more
18 specific, probably like American Airlines
19 mileage. In particular, when I heard the
20 person in that program call American Airlines
21 and American Airlines say, well, we only deal
22 with the carriers. I bring the attention to
23 American Airlines the Linx is not the
24 carrier, he is the reseller and the American
25 Airlines person mentioned, well, that's what

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1 they tell us, they are the carriers.
 2 Q. (Ryan) How about the service known
 3 as Mobile Link?
 4 A. (Escobar) Well, that service Mobile
 5 Link also when other customers —
 6 MR. TYRRELL: Objection. I
 7 don't believe Mobile Link is addressed
 8 anywhere in his direct testimony. I think we
 9 are now starting to get even further and
 10 further afield of what was prefiled, which at
 11 least should have some bearing on the case
 12 and some limiting factors in terms of what is
 13 presented to the Commission. I mean, every
 14 hearing we have, more and more gets trucked
 15 in and I have to object to the expansion of
 16 the docket at this point in time after five
 17 days, it should be getting narrow, not
 18 broader.
 19 THE CHAIRMAN: Before we go
 20 any further, Mr. Escobar, what is Mobile
 21 Link, then I'll rule on your objection.
 22 THE WITNESS (Escobar): Mobile
 23 Link is a service who the carriers share
 24 nationwide to a change of customer between
 25 each other and provide more facilities

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1 between each other to buy services to those
 2 customers.
 3 THE CHAIRMAN: I think
 4 inasmuch as Mr. Escobar's prefile testimony
 5 and numerous previous witnesses in this
 6 docket have spoken about potential for unfair
 7 collaboration between the wholesale and
 8 retail sides of the two providers, that this
 9 is amplification of that and overrule the
 10 objection.
 11 MR. TYRRELL: May I have an
 12 exception please?
 13 THE WITNESS (Escobar): When
 14 it's very obvious when Mr. Tyrrell —
 15 questions who there are no — he don't want
 16 to be discuss, he going to oppose, but in the
 17 Mobile Link situation is affected resellers
 18 because every new customer who come have
 19 cellular telephone, he can be redirected
 20 immediately to Linx people and that's what
 21 will happen.
 22 BY MR. RYAN:
 23 Q. (Ryan) When you say that, you mean
 24 somebody coming from out of state?
 25 A. (Escobar) Somebody who coming from

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1 out of state and they needed to establish
 2 service in Connecticut, that's what that
 3 system is started, this way they acquire
 4 customers faster.
 5 Q. (Ryan) Have you seen the television
 6 advertisement that was done for Mobile Link?
 7 A. (Escobar) Not exactly no, I don't
 8 see that one.
 9 Q. (Ryan) Have you seen a printed
 10 media?
 11 A. (Escobar) Yes, I see printed media,
 12 yes.
 13 Q. (Ryan) Do you think that a consumer
 14 looking at that would feel that having that
 15 service would be of great advantage?
 16 A. (Escobar) Yes, definite. When the
 17 consumer look at advertisement, they have
 18 more ability or recognize bigger telephone
 19 company and then they acquire service from
 20 that organization.
 21 Q. (Ryan) And you testified that
 22 that's or maybe you didn't, let me withdraw
 23 the question.
 24 Is that service available for your
 25 customer?

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1 A. (Escobar) No, that service is not
 2 available for my customer. I make inquire to
 3 Mobile Link and they say that service only
 4 available for SNET Cellular only exclusively,
 5 on exclusivity basis.
 6 Q. (Ryan) Let me just highlight some
 7 areas here you get into in your prefile
 8 testimony concerning unfair wholesale billing
 9 practices.
 10 You make a claim here that the
 11 interest that they charged on your service is
 12 miscalculated. Would you expand on that?
 13 A. (Escobar) Well, apparently the
 14 interest that they charge to us is a start —
 15 kick on maybe a week later, after the percent
 16 they bill to us.
 17 Q. (Ryan) Are you familiar with the
 18 tariff provision for interest that can be
 19 charged by Springwiche?
 20 A. (Escobar) Yes.
 21 Q. (Ryan) What is that tariff?
 22 A. (Escobar) I believe it's one — I
 23 don't have the tariff in front of me — but I
 24 believe it's one-and-a-half,
 25 one-and-a-quarter.

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1 Q. (Ryan) And what time does that
2 start to run?
3 A. (Escobar) It's supposed to be 30
4 days after.
5 Q. (Ryan) After what, the bill is
6 presented or the call is made?
7 A. (Escobar) The bills are presented.
8 Q. (Ryan) Is it your opinion that
9 Springwich charges interest on top of
10 interest?
11 A. (Escobar) Yes. Several accountants
12 who had been look at my bills, they have
13 confirmed we pay interests on top of
14 interests.
15 Q. (Ryan) Is there, to the best of
16 your knowledge, any provisions in the tariff
17 that allows them to do that?
18 A. (Escobar) I don't recall ever
19 seeing a tariff that they allowed to charge
20 interest on top of interest.
21 Q. (Ryan) Do you remember ever signing
22 any agreement that would allow the
23 calculation of interest to be done in that
24 manner?
25 A. (Escobar) No, I don't remember.

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1 Q. (Ryan) Just to clarify some
2 testimony that Mr. Mizeski gave, he was
3 basically talking in terms of receiving
4 credit for dropped calls or overlapped calls.
5 You have received credit for fraud calls?
6 A. (Escobar) I received some credits
7 for some fraud calls, yes.
8 Q. (Ryan) And these are calls that are
9 made or appear on your magnetic tapes as if
10 they were made by one of your customers, but
11 were apparently made by cloning an ES number
12 and a mobile telephone number?
13 A. (Escobar) Yes. The problem we have
14 with that is SNET never credit to us or has
15 not been credit to me, the calls for my
16 current or past billing. They choose to have
17 only credit that to my own previous account,
18 and up to today, I never see a policy for
19 fraud calls. They had promised me that
20 policy for the last two years and so far
21 never come with that policy.
22 Q. (Ryan) Have some of the -- excuse
23 me, some of the fraud calls been as high as
24 30,000 dollars in a month?
25 A. (Escobar) Yes, in some instances

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1 have to be more than 30,000 dollars per
2 month.
3 Q. (Ryan) You state in your -- the
4 beginning of your prefiled testimony that at
5 least two of your companies have had
6 financial difficulties recently. Do you care
7 to comment on that?
8 A. (Escobar) Well, I know --
9 MR. TYRRELL: Objection, your
10 Honor. I think if we're getting into
11 proceedings in other courts, I think it's
12 somewhat beyond the scope of this docket.
13 THE CHAIRMAN: Wait a minute,
14 Mr. Tyrrell, you're the one that brought up
15 the bankruptcy.
16 MR. TYRRELL: I didn't file
17 it. I believe it was in his direct
18 testimony.
19 THE CHAIRMAN: No, you brought
20 it up first when Mr. Ryan appeared and you
21 questioned about the bankruptcy.
22 MR. TYRRELL: Yes, early
23 today.
24 THE CHAIRMAN: It's overruled.
25 MR. TYRRELL: Okay.

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1 A. (Escobar) I have to make a very
2 difficult decision not too long ago about
3 file bankruptcy for two of my companies
4 because actually I was forced by Southern New
5 England Telephone Company, not because I want
6 to. The resell business is enough or I can
7 make enough money to survive, either with 7
8 or 500 customers I can be in business, make
9 revenues.
10 SNET, by overcharge me for
11 telephone calls, dropped calls on credits I
12 give to my customers, improperly billing,
13 they charge me very high interest rate to
14 about 120,000 dollar per year. They force me
15 to take this measure, something I never
16 wanted, and SNET had been taking the position
17 now they want to put me totally out of
18 business by using this bankruptcy court.
19 Probably SNET is more upset with me
20 because I'm the one that been talking more
21 about problems we have, how the consumer been
22 overpaying for services all -- I talking
23 about all the consumers of Connecticut who
24 this is my concern. Every time when I bring
25 some of these issues to Southern New England

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1 Telephone Company, next day I get restriction
2 in my customers. They penalize me, they
3 punish me every time when I make a complaint,
4 and you can see right here it's only a few
5 resellers. The other resellers are no come
6 to this courtroom or this proceeding because
7 they are afraid to Southern New England
8 Telephone Company. Most of the reselling now
9 when SNET they have a lien or they have
10 security agreement for the telephone services
11 they have or they pay in lockbox. And if
12 they complain more, they can be in same
13 situation I am. And that's the comment I
14 have about that, Mr. Ryan.

15 BY MR. RYAN:

16 Q. (Ryan) You were here during Mr.
17 Bluemling's testimony when he testified that,
18 in his opinion, 2 percent of the calls were
19 bad calls, and you've been here during Mr.
20 Mizeski's testimony where the number for
21 dropped calls, for instance, is 8 percent.

22 Do you have any comment on that?

23 A. (Escobar) Well, you know, I heard
24 Mr. Bluemling testify, 2 percent lost calls
25 or bad calls and 1 percent are incomplete

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1 calls or blocked calls. I want to bring the
2 attention to the Commissioner if we take this
3 3 percent who Mr. Bluemling testifies are
4 defective calls, we have approximately over
5 200,000 subscribers in Connecticut, I'm very
6 conservative, I'm not like Mr. Brennan who is
7 a specialist in calculations, I take 60
8 dollar per bill per customer.

9 Right now in Connecticut, between
10 Bell Atlantic, SNET and Escotel and all the
11 reseller, we bill over 12 million dollars in
12 telephone services per month. If we take
13 those 12 million dollars, multiply it by the
14 3 percent Mr. Bluemling referred to, we are
15 overcharging the consumers a substantial
16 amount of money.

17 I'm talking about almost 360,000
18 dollars just for that per month who is about
19 4-and-a-half million dollar a year. We take
20 the SNET or the cellular telephone service in
21 Connecticut has been total right now at this
22 point over 45 million dollars, that's a
23 little item from Mr. Bluemling. I'm very
24 concerned about the consumers because they
25 are being overpaid for these. They know they

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1 have that problem, they are not being
2 corrected at this point.

3 Q. (Ryan) Before I end my questions,
4 do you have any other comments you wish to
5 make this at this point?

6 A. (Escobar) Yes. You know, I -- by
7 watching this proceeding, I been seeing this
8 proceeding concentrate more to see if we are
9 going to be regulate or deregulate for the
10 next incoming budget act. I ask the
11 Commissioner to look little more now into the
12 competition in Connecticut and I ask you
13 right now at this point to enter a more
14 severe investigation about the overcharges
15 all the Connecticut customers being paid for
16 services who they are not being receiving,
17 can be for bad quality service, covered area
18 or any other related problem that they have
19 is not fair for the consumer paying for
20 services that they never have.

21 I just think this panel cannot do
22 nothing for me, I have the civil courts for
23 protect myself, but the consumer they no have
24 any protection, Commissioner, I ask you to
25 please, you need to protect those consumers.

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1 SNET and Bell Atlantic also at the
2 same time they want to be deregulate because
3 Nextel and Omnitel and all these companies
4 are not here. The real reason, they want a
5 head start. That's the only point. They
6 want a head start. They want to be
7 deregulate. This way they be be all PCS
8 service, SNET, Bell Atlantic they are ready
9 to provide PCS services utilizing the
10 cellular network. Bell Atlantic most
11 recently demonstrate that by putting
12 microcells in the Bradley Airport. The
13 technology is there. They can provide PCS
14 directly through cellular network.

15 Mr. Brennan, in his testimony, say
16 he don't know nothing about prices of
17 hardware for SMR or PCS, but in the meantime
18 he been talking with them. It's hard to
19 believe you're talking with the manufacturer
20 and they never discuss potential prices for
21 those equipment.

22 Mr. Brennan know very well that in
23 next five years one of the telephone services
24 going to start and replace the wireless
25 telephone. That mean SNET need to look right

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1 now. That way they can continue have the
2 monopoly in the wireless industry. They are
3 going to lose land-line telephone customers
4 and they are afraid to that, that other
5 customers come to this area, because they
6 want to continue the monopoly. SNBT has been
7 demonstrate by creating a small divisions,
8 not regulate companies, they can get away
9 with anything and that's my concern. I no
10 think we should allow to SNBT or the
11 Commission allow anymore SNBT to have
12 unregulate division this way, they can get
13 away and continue to have monopoly.

14 I surprise also last year SNET
15 applied for 158 million dollars rate increase
16 for the land-line area and are expected to
17 get between 30 and 40 million dollars. They
18 never told the public utilities how much
19 money they lost in the paging business and
20 one of the financial statements for Southern
21 New England corporation they show about 200
22 million dollars losses in paging alone, and
23 they never told the public utilities how much
24 they been subsidizing the cellular telephone
25 business. And I no think it's fair to the

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1 long-line consumers paying for bills the
2 cellular network, and I'm concerned now with
3 the new announcement is SNET invest 4.5
4 billion dollar in new network. Who is really
5 going to pay for that? I think it's the
6 consumer is going to pay for that, not SNET,
7 because they no have the money a year ago.
8 This was asking for 158 million dollars.

9 Also, I like to recommend the
10 Commissioner to regulate also the retail arm
11 from the cellular carriers. I believe they
12 can eliminate a lot of unfair practices this
13 way. I believe most of the resellers that
14 want to be serious in this business, they
15 should be regulated too, and this protect the
16 consumer and protect the fair competition.

17 Right now SNET Linx offers rate
18 plan for 14.95 and 75 cents a minute, but
19 they been target the general consumer now,
20 but they never tell the general consumer
21 hey, is 75 cents a minute per telephone call.
22 These people only find after they make the
23 first or second telephone bill that they been
24 paid too much for that telephone service.

25 I believe that's the kind of

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1 misrepresentation for the general consumer.
2 It's only 200,000 customers right now in
3 Connecticut. I believe so about maybe 25 to
4 50,000 subscribers, they have the telephones
5 in the closet or they never use it because
6 they cost for the telephone service or they
7 use the phone one time and costs too much
8 money because then it was totally informal.
9 They were attracted by lower rate plan.

10 It's very interesting to see that
11 Mr. Bhuebling say there are 14 resellers
12 today and he encourage the resellers, but he
13 never say all these resellers, they have
14 difficult time to grow. If we look the
15 response they give to us, I believe it's
16 in -- excuse me.

17 (Pause.)

18 A. (Escobar) It's an answer to
19 question TE-05, if anybody look that chart
20 right there, in 1987, we have seven
21 resellers, and from that point on you keep
22 looking across the line, not any of the
23 resellers really can grow.

24 The only reseller who grow
25 substantial in customer base was in 1991, is

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1 the reseller who acquired three oil companies
2 who decide to get out of the business because
3 they cannot make money in this state. The
4 other resellers, they stayed almost the same
5 or going backwards.

6 Today we have 14 resellers, in
7 1987, we have seven resellers, and the
8 resellers, we only have very little market
9 share at this point versus in 1987 our market
10 share was higher.

11 That indicate to me that I not the
12 only one that have the problem. All the
13 resellers, we have a problem. Either the
14 large reseller, not too long ago they owe
15 millions of dollars to Southern New England
16 Telephone Company and SNET put down more than
17 50 percent of that. But I guess was by
18 signing confidentiality agreement and no
19 disclosure and they cannot bring the issues
20 right here. We need to discuss how to
21 continue this investigation.

22 I have refused to sign the
23 confidentiality agreement, that's why SNET
24 punished me. My intention is not to ever
25 sign as long as I know the consumer is being

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1 in short.
2 Commissioner. I have too many other
3 issues to discuss, but I do like to take this
4 valuable time. I prefer to be brief and just
5 answer some of the questions who anybody want
6 to do to me.

7 BY MR. RYAN:

8 Q. (Ryan) Just one more question just
9 to clarify, as self-serving as it might be,
10 but you testified that you had a figure from
11 financial statements indicating that SNET
12 Paging lost a certain amount of money. I
13 just want to make it clear that that,
14 whatever information you got was obtained
15 from some other forum or document, not
16 covered by the protective order?

17 A. (Escobar) That's correct.

18 Q. (Ryan) And you have not seen any of
19 the information?

20 A. (Escobar) No, I never see that.

21 Q. (Ryan) Okay. Thank you.

22 THE CHAIRMAN: Thank you, Mr.
23 Ryan. Mr. Tyrrell.

24 MR. TYRRELL: Given the
25 expanded scope of Mr. Escobar's direct, we

1 would need some time to prepare. At this
2 point I'd like to pass if I may.

3 THE CHAIRMAN: Mr.
4 Knickerbocker.

5 MR. KNICKERBOCKER: I'd
6 prefer to pass until the friendly cross is
7 completed.

8 THE CHAIRMAN: That's a very
9 subjective statement.

10 MS. BRYAN: I take exception
11 to that comment and I really don't think that
12 the testimony, because it may be slightly
13 different than what someone anticipated,
14 should be grounds for just passing because we
15 are all here for the same thing and we're all
16 in the same position today.

17 THE CHAIRMAN: Well, we aren't
18 going on to other witnesses before
19 Mr. Escobar is done. The order in which
20 people cross -- I'm not going to be
21 particularly insistent about. If someone
22 wants to allow others to cross first, and
23 they come up, fine, but we're not bringing
24 other witnesses in the interim.

25 MS. BRYAN: It doesn't give

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1 anybody else the option of saying, well, I'll
2 go last or I'll go last. I think --

3 THE CHAIRMAN: Well, if
4 everyone passes once, I'm just going to say
5 it's over.

6 MR. ROSARIO: Why don't we
7 take a break and maybe Mr. Tyrrell can review
8 and we can come back. I take exception to
9 Mr. Knickerbocker's comment too just because
10 it doesn't go the way he --

11 THE CHAIRMAN: Everyone has
12 their own impression as to friendly or
13 antagonistic.

14 MR. ROSARIO: My suggestion
15 would be we just take a break and then come
16 back.

17 THE CHAIRMAN: Does anyone
18 want to do cross now? Let's go to lunch,
19 we'll be back here at 1:15.

20 MR. TYRRELL: Thank you.

21 (Whereupon, the witness was
22 excused, and a luncheon recess was taken at
23 11:55 o'clock a.m.)
24
25

1 AFTERNOON SESSION
2 1:20 O'CLOCK P.M.

3
4 L U I S E S C O B A R,
5 having been previously duly sworn,
6 was examined, and testified further
7 on his oath as follows:
8

9 THE CHAIRMAN: Please be
10 seated. Back on the record.

11 MR. KNAG: Commissioner,
12 during the break we discussed the question of
13 scheduling, and counsel have agreed that, I
14 think we've all agreed that it would be best
15 to defer the discussion of scheduling until
16 you rule on the issue of what needs -- what
17 additional documentation needs to be
18 produced.

19 THE CHAIRMAN: Okay.

20 MR. KNAG: And so we would
21 suggest that we go forward and finish Mr.
22 Escobar and then in the context of having Mr.
23 Brennan back on the stand, that's when you
24 indicated that you would be addressing those
25 issues. Does that make sense?

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<p>1 THE CHAIRMAN: Yes. For my 2 information, do you think we can address the 3 issues of the documentation in an open 4 session or would a discussion of the 5 documentation, per se, necessitate a closed 6 session? Because I'd like to do the 7 discussion of scheduling open. 8 MR. KNICKERBOCKER: It could 9 be open, most likely. 10 MS. SPENCER: Without 11 reference to numbers. 12 THE CHAIRMAN: As long as we 13 stay away from the exact numbers. 14 MS. KIDDOO: We can discuss 15 what the procedures are for having developed 16 the numbers and what Mr. Brennan did or did 17 not have in his files or did or did not do 18 without talking about the numbers. 19 THE CHAIRMAN: Okay. I just 20 want to know when we'll go closed and I'd 21 like to keep that discussion open. 22 MR. RYAN: I'd like to address 23 Mr. Tyrrell's objection to my participating 24 in this morning's activity. During the 25 break, I phoned Attorney Ressler, who is, as</p>	<p>1 I indicated, handling the bankruptcy matter 2 for us, and he was not sure whether the 3 official affidavit form had been filed with 4 the court; however, he did point out that 5 there is no prohibition about representing a 6 client in court or in this type of 7 proceeding. The question is whether or not 8 the bankruptcy court would approve of my fee, 9 and that happens to be bad news for me. 10 THE CHAIRMAN: So essentially 11 you are here at your risk. 12 MR. RYAN: What I'd also like 13 to point out, Commissioner, while I was 14 talking with Mr. Ressler, he happened to be 15 on the phone with Attorney William Fish of 16 Tyler, Cooper, handling the bankruptcy for 17 Springwich who informed Mr. Ressler that he 18 informed Mr. Tyrrell the very same rule 19 yesterday during a telephone conversation, so 20 why Mr. Tyrrell proceeded with his motion and 21 objection to my representation today, I'll 22 leave to the Commissioner's evaluation. 23 THE CHAIRMAN: Thank you, Mr. 24 Ryan. Any other administrative items before 25 we start the cross? Okay, then we'll start</p>

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<p>1 in order. Staff has nothing, I understand. 2 MR. PESCOLIDDO: That's 3 correct. 4 THE CHAIRMAN: Mr. Tyrrell. 5 MR. TYRRELL: Yes, sir. 6 7 EXAMINATION 8 BY MR. TYRRELL: 9 Q. (Tyrrell) Mr. Escobar, I believe in 10 your direct testimony, you testified that you 11 had some discussions with a Charlie 12 Dammling; do you recall that? 13 A. (Escobar) Yes. 14 Q. (Tyrrell) And I believe you 15 testified that it was with regard to you 16 becoming a new reseller for Springwich; is 17 that correct? 18 A. (Escobar) For SNET Cellular. 19 Q. (Tyrrell) Okay. And would the year 20 1990 be approximately correct? 21 A. (Escobar) I can say in 1989. 22 Q. (Tyrrell) And is it also true that 23 Mr. Dammling became associated with Linx or 24 SNET Mobility in 1994? 25 A. (Escobar) I don't know when he</p>	<p>1 start, but I know he been when Linx start. 2 Q. (Tyrrell) In 1994? 3 A. (Escobar) I don't know when he 4 start. 5 Q. (Tyrrell) And in the interim, he 6 was with SNET Paging? 7 A. (Escobar) He was in some capacity 8 with SNET Paging, yes. 9 Q. (Tyrrell) I believe you testified 10 also in your direct that Linx sells one of 11 its service plans for 14.95? 12 A. (Escobar) Yes. 13 Q. (Tyrrell) And that, if I recall 14 your testimony correctly, didn't tell the 15 public about the per-minute charge of 75 16 cents a minute? 17 A. (Escobar) I no say they don't tell 18 the public they charge 75 cents, that going 19 to be more critical to the consumer who they 20 don't know nothing about cellular. 21 Q. (Tyrrell) Okay. Then I'm confused. 22 Was it your testimony or is it your testimony 23 now that they told or didn't tell the public 24 about the 75 cents a minute charge? 25 A. (Escobar) What I try to say is,</p>

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1 when they are selling the rate plan, they no
2 explain the consumer what is the best rate
3 plan for them.

4 Q. (Tyrrell) Okay. But they do tell
5 them that there is a 75-cent-a-minute charge?

6 A. (Escobar) Yes.

7 Q. (Tyrrell) Okay. Then I
8 misunderstood you.

9 As I understood testimony this
10 morning by Mr. Mizeski, he had indicated that
11 the rounding up of calls was the — one of
12 the problems or the primary problem he had
13 with regard to the Springwch or SNET
14 Cellular billing practices; do you recall
15 that?

16 A. (Escobar) Yes.

17 Q. (Tyrrell) And that's certainly a
18 problem that you have continued until today,
19 is part of your testimony and part of Mr.
20 Mizeski's testimony in this docket this month
21 and last month; isn't that correct?

22 A. (Escobar) Yes.

23 Q. (Tyrrell) And do you recall — give
24 me a minute — do you recall at some point in
25 time back in 1993 sending a letter of

1 complaint about that particular practice to
2 the Department of Public Utility Control?

3 A. (Escobar) Yes.

4 Q. (Tyrrell) And I'd like to show you,
5 if I can, a copy of a letter that was to the
6 Honorable Clifton A. Leonhardt.

7 MR. KNAG: Do you have copies?

8 BY MR. TYRRELL:

9 Q. (Tyrrell) And it was signed by
10 yourself, I am certainly not offering the
11 notes on the side of the page.

12 MR. TYRRELL: (Handing.)

13 MR. KNAG: Thank you.

14 THE CHAIRMAN: Mr. Tyrrell.

15 MR. TYRRELL: Pardon me. Of

16 all people. I offered it, that's why I
17 hadn't given it to you (handing.)

18 BY MR. TYRRELL:

19 Q. (Tyrrell) Is this the letter you
20 sent to Mr. Leonhardt?

21 A. (Escobar) Yes.

22 MR. TYRRELL: At this time I'd
23 like to offer this letter as an exhibit.

24 THE CHAIRMAN: This would be
25 Late-File 24, 3/17/93 letter.

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1 BY MR. TYRRELL:

2 Q. (Tyrrell) Now, Mr. Escobar, if I
3 may, on page 1 paragraph numbered 1 is a
4 paragraph titled, "Double-billing for calls."
5 Do you see that?

6 A. (Escobar) Yes.

7 Q. (Tyrrell) And do you see in that
8 paragraph where a complaint is that if you
9 spent one minute and two seconds on a call,
10 you are billed for the full two minutes?

11 A. (Escobar) Yes.

12 Q. (Tyrrell) And this is the same
13 complaint that both you and Mr. Mizeski had
14 now and in the previous docket in 1993; isn't
15 that correct?

16 A. (Escobar) That's one of them.

17 Q. (Tyrrell) Now, do you also recall
18 Mr. Leonhardt replying to your letter?

19 A. (Escobar) Yes, I remember now.

20 Q. (Tyrrell) I'd like to show you a
21 copy of his reply, if I may (handing).

22 This is the letter dated June 7,
23 1993 from Clifton A. Leonhardt to yourself;
24 is that correct?

25 A. (Escobar) Yes.

1 Q. (Tyrrell) Do you recall receiving
2 this letter?

3 A. (Escobar) Yes.

4 Q. (Tyrrell) And is this a copy of the
5 letter?

6 A. (Escobar) Yes.

7 MR. TYRRELL: I'd like to
8 offer it as an exhibit please, sir.

9 THE CHAIRMAN: We'll include
10 this as part of 24, we will call it Leonhardt
11 response.

12 BY MR. TYRRELL:

13 Q. (Tyrrell) In paragraph number 3,
14 does Mr. Leonhardt reply and say that, "SNET
15 is correct in stating that the DPUC has
16 authorized billing of telephone service in
17 one-minute increments and not in fractions
18 thereof. Billing in increments of less than
19 one minute would be cost prohibitive to the
20 telephone company."

21 Is that what the letter says, sir?

22 A. (Escobar) That's what it states,
23 yes.

24 Q. (Tyrrell) And even after you
25 received that response, here at the DPUC,

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1 again this year you are raising the same
2 issue; is that correct?

3 A. (Escobar) That's correct, yes.

4 Q. (Tyrrell) Thank you.

5 I believe there was some testimony
6 earlier --

7 A. (Escobar) Before you continue with
8 the next question.

9 Q. (Tyrrell) I'm sorry.

10 A. (Escobar) I want to expand my
11 response to this letter. This letter,
12 obviously Mr. Leonhardt, he is not familiar
13 with billing systems, and then this why he
14 make that opinion, would be cost prohibitive
15 to the telephone company. I could say maybe
16 that is one sentence, a reason or excuse in
17 the land-line telephone service, but no in
18 the cellular telephone service, because in
19 the cellular telephone service, many factors
20 affect that one-minute billing, and my
21 complaints and my contention is when you drop
22 a call, okay, why you going to bill the
23 consumer for two minutes the telephone call.
24 That's not right.

25 Also, when you file tariff back in

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1 pending.

2 A. (Escobar) Yes, I am in bankruptcy
3 court --

4 THE CHAIRMAN: Mr. Escobar,
5 there is no question pending.

6 THE WITNESS (Escobar): Thank
7 you.

8 BY MR. TYRRELL:

9 Q. (Tyrrell) Mr. Escobar, do you
10 recall earlier this morning when Mr. Mizeski
11 was sitting where you are, we had a
12 discussion about letters that went back and
13 forth between -- or I should say from Mr.
14 Paquette to you with regard to some billing
15 questions. I guess you had submitted to him.
16 Do you recall that general testimony?

17 A. (Escobar) Yes.

18 Q. (Tyrrell) Okay. I'd like to show
19 you, if I may, a copy of the two letters, one
20 dated January 22nd, 1995, to you from Art
21 Paquette.

22 THE CHAIRMAN: Mr. Tyrrell,
23 would you correct that date. We aren't there
24 yet.

25 MR. TYRRELL: I'm sorry, it

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1 1985, you never told the public utilities how
2 cellular telephone work, and there was, you
3 know, seem to me, the Department of Public
4 Utilities was misrepresent about that issue.
5 They approved to you, yes, indeed to bill in
6 one-minute increments, but they don't know
7 how cellular telephone work. Now this is the
8 time to review that.

9 Q. (Tyrrell) Thank you for your
10 critique.

11 I believe there was some testimony
12 earlier that there was a bankruptcy matter
13 involving your companies, and also a suit in
14 state court; do you recall that testimony?

15 A. (Escobar) Yes.

16 Q. (Tyrrell) And is it true that you
17 are also personally named as a defendant in
18 the state court matter?

19 A. (Escobar) I think so, yes.

20 Q. (Tyrrell) Thank you.

21 A. (Escobar) You want me to clarify
22 that question, too?

23 Q. (Tyrrell) No, thank you.

24 A. (Escobar) I'd like to.

25 Q. (Tyrrell) There's no question

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1 was -- the Xerox was such that it looked like
2 a 5, 1993. Correct, Commissioner. And also
3 another letter from Mr. Paquette to you dated
4 May 24th, 1995 --

5 MR. KNAG: Ninety-three.

6 MR. TYRRELL: Ninety-three.

7 I'm sorry. Does anybody need copies?

8 BY MR. TYRRELL:

9 Q. (Tyrrell) Do you recall receiving
10 those letters, Mr. Escobar?

11 A. (Escobar) I will say yes, this is
12 the letter, if I can read the letter all over
13 again.

14 Q. (Tyrrell) Certainly.

15 A. (Escobar) It looks like, okay, but
16 I don't know if that exactly letter.

17 Q. (Tyrrell) I'm sorry, sir?

18 A. (Escobar) I don't know if this is
19 the exact same letter, but, you know, I need
20 to read it.

21 Q. (Tyrrell) Please take your time, I
22 need you to be sure.

23 (Pause.)

24 A. (Escobar) Okay, looks like the
25 letters.

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1 BY MR. TYRRELL:
 2 Q. (Tyrrell) Those are the letters you
 3 received from Mr. Paquette?
 4 A. (Escobar) Looks like, yes.
 5 Q. (Tyrrell) I'd like to offer those,
 6 perhaps as Late-Filed 25.
 7 THE CHAIRMAN: Okay. We'll
 8 mark both of these part of Late-Filed 25,
 9 January 22 and May 24, '93 letters.
 10 MR. TYRRELL: Thank you.
 11 BY MR. TYRRELL:
 12 Q. (Tyrrell) Mr. Escobar, I believe
 13 that Mr. Mizeski, when he testified,
 14 indicated that Escotel Cellular was a
 15 reseller of other communication services
 16 including resale of toll services and the one
 17 company he could remember was RCI or
 18 Rochester Communications?
 19 A. (Escobar) Yes, I remember him
 20 saying that, yes.
 21 Q. (Tyrrell) And that's correct, isn't
 22 it?
 23 A. (Escobar) Yes.
 24 Q. (Tyrrell) And that's a resale of --
 25 let me strike that.

1 RCI is a long-distance carrier;
 2 isn't that correct?
 3 A. (Escobar) Yes.
 4 Q. (Tyrrell) And they resell -- they
 5 offer long-distance service?
 6 A. (Escobar) Yes.
 7 Q. (Tyrrell) And you resell that
 8 long-distance service?
 9 A. (Escobar) I have one customer.
 10 Q. (Tyrrell) And do you resell other
 11 long-distance services?
 12 A. (Escobar) Not at this point.
 13 Q. (Tyrrell) Not at this point.
 14 And do you also resell their
 15 interstate long-distance service, in other
 16 words, calls from Stamford to Hartford?
 17 A. (Escobar) No.
 18 MR. TYRRELL: I have no
 19 further questions.
 20 THE CHAIRMAN: Thank you, Mr.
 21 Tyrrell. Mr. Knickerbocker.
 22 MR. KNICKERBOCKER: I have no
 23 questions.
 24 THE CHAIRMAN: Mr. Zarella?
 25 MR. ZARELLA: No questions.

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1 THE CHAIRMAN: Ms. Bryan.
 2 MS. BRYAN: Thank you.
 3 THE CHAIRMAN: Mr. Knag, I'm
 4 sorry, Ms. Bryan, normally we're taking the
 5 outside parties. Mr. Knag.
 6 MS. BRYAN: I thought maybe he
 7 was a party but I didn't want to --
 8 THE CHAIRMAN: I'm sorry. I
 9 need my scorecard to keep track here.
 10
 11 EXAMINATION
 12 BY MR. KNAG:
 13 Q. (Knag) Good afternoon, Mr. Escobar.
 14 A. (Escobar) Good afternoon.
 15 Q. (Knag) You testified on your direct
 16 testimony about an agreement that you entered
 17 into with SNET and then about an agreement
 18 that you refused to enter into. Can you tell
 19 me briefly what it was that you agreed to
 20 with SNET concerning credit matters?
 21 A. (Escobar) You want to be more
 22 specific, Mr. Knag? The last agreement they
 23 want me sign or the first agreement I signed?
 24 Q. (Knag) When you first started, what
 25 agreement did you sign?

1 A. (Escobar) Well, I signed a note --
 2 I signed a note, it was with another reseller
 3 who have problems with SNET, with Southern
 4 New England Telephone Company.
 5 Q. (Knag) Did you give any security
 6 interest in your -- in the property of your
 7 company?
 8 A. (Escobar) Yes.
 9 Q. (Knag) Were you personally liable
 10 on that note?
 11 A. (Escobar) Yes.
 12 Q. (Knag) And your company was also on
 13 the note?
 14 A. (Escobar) Yes.
 15 Q. (Knag) Which company was that?
 16 A. (Escobar) That was Escotel Cellular
 17 and The Phone Extension.
 18 Q. (Knag) And how much was that note
 19 for?
 20 A. (Escobar) The note was for 535 or
 21 585, 585,000 dollars.
 22 Q. (Knag) Did you pay that money off?
 23 A. (Escobar) I paid a good portion of
 24 that note, yes.
 25 Q. (Knag) How much did you pay on that

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1 note?
 2 A. (Escobar) The balance was -- was
 3 101,000 dollars.
 4 Q. (Knag) How much interest did you
 5 pay on that note?
 6 A. (Escobar) In that note, the
 7 interest was something about 10 percent, I
 8 believe so.
 9 Q. (Knag) And how much dollars did you
 10 pay in interest, do you know?
 11 A. (Escobar) Well, I -- I don't what
 12 to figure out, I know my accountants able to
 13 figure out what interest. Apparently we pay
 14 SNET over 6,000 dollars in interests.
 15 Q. (Knag) Did you have any discussions
 16 with anyone at SNET at the time that you
 17 entered into that agreement?
 18 A. (Escobar) Yes.
 19 Q. (Knag) And were you promised
 20 certain things at that time?
 21 A. (Escobar) Yes, I was promised
 22 things about that time.
 23 Q. (Knag) What were you promised?
 24 A. (Escobar) I was promised advertise
 25 money for each company, The Phone Extension

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1 and Escotel Cellular.
 2 Q. (Knag) How much?
 3 A. (Escobar) By that time the
 4 promotion was 50,000 dollars per year per the
 5 company.
 6 Q. (Knag) So 100,000 dollars per year
 7 per company?
 8 A. (Escobar) No, 50,000.
 9 Q. (Knag) I mean 100,000 dollars per
 10 year total?
 11 A. (Escobar) Total, yes.
 12 Q. (Knag) Did you get that advertising
 13 money?
 14 A. (Escobar) I only had one for one
 15 company one time only.
 16 Q. (Knag) Did they tell you that that
 17 made it -- that was going to make it easy for
 18 you to pay off the 500,000 dollars?
 19 A. (Escobar) That's correct, yes.
 20 Q. (Knag) And did you enter into any
 21 other agreements with SNET besides that
 22 agreement, concerning your credit and your
 23 debt?
 24 A. (Escobar) Well, in several cases
 25 SNET put a lot of pressure on me and I don't

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1 have no choice to sign those agreements,
 2 otherwise my customer be immediate
 3 disconnect.
 4 Q. (Knag) They told you that they
 5 would disconnect your customer unless you
 6 sign the agreement?
 7 A. (Escobar) Yes, if you don't agree
 8 with these terms, the monthly payment, the
 9 weekly payments, that we will disconnect the
 10 customers.
 11 Q. (Knag) Did you have discussions
 12 about compromising the amount of the debt?
 13 A. (Escobar) Yes.
 14 Q. (Knag) And did you speak with
 15 Mr. -- did you speak with a person at SNET
 16 about compromising the debt?
 17 A. (Escobar) Yes.
 18 Q. (Knag) Who did you speak to?
 19 A. (Escobar) Mark Bluemling, Peter
 20 Tyrrell, Donna Tomayo, Charlie Dammling,
 21 Eddie land-line, almost everybody.
 22 Q. (Knag) At any point in time in
 23 those discussions, was a settlement of the
 24 claim tied in any way to your actions in
 25 making complaints to the DPUC?

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1 A. (Escobar) In some instance, there
 2 was looking to me to sign the -- to settle if
 3 I sign no disclosure, nothing that they are
 4 doing wrong.
 5 Q. (Knag) You had to agree that they
 6 were not doing anything wrong?
 7 A. (Escobar) That's correct.
 8 Q. (Knag) And were you willing to
 9 agree that they were not doing anything
 10 wrong?
 11 A. (Escobar) No.
 12 Q. (Knag) Did Mr. Bluemling say
 13 anything to you about the damage was done?
 14 A. (Escobar) Yeah, he mentioned over
 15 the phone if I complain to the public
 16 utility, the damage is done.
 17 Q. (Knag) And what did you understand
 18 him to mean by that?
 19 A. (Escobar) They are going to fight
 20 me all the way.
 21 Q. (Knag) So, if you didn't -- if you
 22 wanted to sell, you better not complain?
 23 A. (Escobar) That's correct.
 24 Q. (Knag) Is that what you understood
 25 him to mean?

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1 A. (Escobar) That's correct, if I
2 wanted my credit, I better not complain.

3 Q. (Knag) Now, at a point in time you
4 filed bankruptcy; is that right?

5 A. (Escobar) That's correct, yes.

6 Q. (Knag) And they essentially forced
7 you into bankruptcy by their actions; is that
8 right?

9 A. (Escobar) By restricting the
10 customers.

11 Q. (Knag) And tell us what that
12 involved?

13 A. (Escobar) Well, SNET disconnect the
14 customers, not able to make telephone calls,
15 some customers totally could not make
16 telephone calls, other customers could not
17 make long-distance telephone calls, other
18 customers could not travel on roaming and
19 making telephone calls, other customers could
20 not receive or make telephone calls at all,
21 and other customers by receiving a message
22 please contact your service provider.

23 Q. (Knag) How did that force you into
24 bankruptcy?

25 A. (Escobar) Because by doing that, my

1 customers called me to complain; you know,
2 they don't have service. They want to switch
3 the service or they leave me.

4 Q. (Knag) And by filing bankruptcy,
5 were you able to alleviate those problems?

6 A. (Escobar) Yes.

7 Q. (Knag) Did you make - did you
8 switch some of the customers to Bell
9 Atlantic?

10 A. (Escobar) No, I no switch any
11 customer to Bell Atlantic. Customers who
12 cannot make telephone calls or was toll
13 restricted, they ask me for service and I
14 provide to them the Bell Atlantic service.

15 Q. (Knag) Did SNET take the position
16 that you weren't allowed to switch people to
17 Bell Atlantic?

18 A. (Escobar) It was two choices, give
19 the number to the customer or lose the
20 customer totally. And let it go to Linx.

21 Q. (Knag) But did SNET or Linx take
22 the position that you were not supposed to
23 switch customers from SNET to Bell Atlantic
24 because of the terms of your agreements with
25 them?

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1 A. (Escobar) Well, I know was
2 switching customers, they don't have the
3 service. The service was interrupted.

4 Q. (Knag) But is it SNET's position
5 that under your agreements with SNET -

6 A. (Escobar) Oh, that's the position,
7 yes.

8 Q. (Knag) - That you cannot switch
9 the customers?

10 A. (Escobar) That's the position, yes.

11 Q. (Knag) So they take the position
12 that based on the writings that they have
13 with you, that you can't switch customers
14 over to Bell Atlantic; is that right?

15 A. (Escobar) That's correct, yes.

16 Q. (Knag) And on various occasions
17 prior to your filing bankruptcy, did they use
18 these - this agreement or these agreements
19 that they had with you in an effort to
20 influence your conduct and influence your
21 business?

22 A. (Escobar) Yes.

23 Q. (Knag) You say they talked to you
24 about marketing strategy. What did they say
25 to you about marketing strategy?

1 A. (Escobar) Well, I'm going more
2 specific. In one instance, way back in 1987,
3 the conversation was there is no reason to
4 sell it for below 37 cents per minute or 37
5 dollars per month because SNET - Linx is not
6 going to reduce the rates.

7 Q. (Knag) Who was that that said that
8 to you?

9 A. (Escobar) Charlie Dammling.

10 Q. (Knag) And what did you say in
11 response?

12 A. (Escobar) Well, I was, you know,
13 surprised at that kind of attitude.

14 Q. (Knag) What did he say to you about
15 rates and prices, anything besides that
16 particular instance that you can remember?

17 A. (Escobar) Well, normally he used to
18 check with us what rate plans we offer to the
19 consumers and what are my rate plans and in
20 one instance Donna Tomayo called me very
21 upset because I offered to one customer 28
22 dollars per month because the Linx people
23 approached the customer and offered to them
24 28 dollars per month. In order to keep that
25 customer I offered that customer also 20

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1 dollars per month. Then she came with the
2 excuse, well, I'm not the one to inquire, it
3 was Bell Atlantic that was to inquire, why
4 sell it for 28 dollars per month.

5 Q. (Knag) And did you consider that
6 anticompetitive conduct on their part?

7 A. (Escobar) Yes, I feel that because
8 if I have a customer right now at 37 dollars
9 per month, they call the customer and offer
10 as little as 14.95 and 36 cents a minute or
11 37 cents a minute.

12 Q. (Knag) Do you know whether --
13 withdrawn.

14 So, at a certain point in time
15 recently you were forced into a bankruptcy
16 filing; is that correct?

17 A. (Escobar) Yes.

18 Q. (Knag) And after you filed the
19 bankruptcy, did SNET become actively involved
20 in the bankruptcy?

21 A. (Escobar) Yes.

22 Q. (Knag) And did they attempt, and
23 are they attempting at the present time to
24 shut you down by denying you what is called
25 cash collateral, which is the money in your

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1 drawer?

2 A. (Escobar) That's correct. They
3 attempt that and many instance also before
4 this proceeding, three days, four days before
5 they try to ask me a lot of questions about
6 this proceeding, and I refused to answer
7 those questions, and they threaten me they
8 are going to take me to bankruptcy judge to
9 answer those questions. I want to reserve my
10 rights for this proceeding and I'm willing to
11 answer any questions who are not related to
12 these proceedings.

13 Q. (Knag) So they used Rule 2004,
14 which is a bankruptcy court rule, that allows
15 creditors to question debtors about their
16 affairs to try to find out information that
17 was relevant to this proceeding?

18 A. (Escobar) That is correct, yes.

19 Q. (Knag) And they did that on the
20 days immediately preceding the first hearing
21 in this case?

22 A. (Escobar) That's correct, yes.

23 Q. (Knag) And, in fact, are there
24 additional hearings that are 2004
25 examinations scheduled for this Monday?

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1 A. (Escobar) For this coming Wednesday
2 I think it is.

3 Q. (Knag) Wednesday. And what is
4 happening on Wednesday?

5 A. (Escobar) Wednesday they want to
6 link with the attorney in my company, I just
7 learned by during the lunch, we want to
8 introduce a new law firm to enter my
9 antitrust case and SNET opposing to be able
10 to enter or don't let lawyer enter
11 appearance.

12 Q. (Knag) So you're planning to
13 countersue them for antitrust violations?

14 A. (Escobar) That's correct, yes.

15 Q. (Knag) Under the federal and state
16 antitrust laws; is that correct?

17 A. (Escobar) That's correct, yes.

18 Q. (Knag) Now, you talked about
19 bundling of services and you complained about
20 that. Do you consider that an
21 anticompetitive practice?

22 A. (Escobar) Yes, I consider that
23 anticompetitive practice.

24 Q. (Knag) And one of the things that
25 the FCC wants in any state petition to

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1 continue regulation is specific allegations
2 of fact regarding anticompetitive or
3 discriminatory practices, you would consider
4 that such an anticompetitive practice?

5 A. (Escobar) That's correct, yes.

6 Q. (Knag) And would you consider the
7 billing practices you described
8 anticompetitive?

9 A. (Escobar) Yes.

10 Q. (Knag) And would you consider the
11 long-distance practices that you described to
12 be anticompetitive?

13 A. (Escobar) That's correct, yes.

14 Q. (Knag) And would you consider the
15 billing activation practices to be
16 anticompetitive and discriminatory?

17 A. (Escobar) Discriminatory, definite,
18 yes, anticompetitive, yes.

19 Q. (Knag) Do you consider the fact
20 that they take information that they learn as
21 your supplier and then use it against you as
22 your competitor, mixing the wholesale and the
23 retail function, to be anticompetitive?

24 A. (Escobar) You want to repeat the
25 question again, please?

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1 Q. (Knag) Do you consider that the
2 mixing of the retail and the wholesale
3 function that you've talked about extensively
4 and other witnesses have talked about do you
5 consider that anticompetitive?
6 MS. KIDDOO: Objection.
7 A. (Escobar) Yes.
8 MS. KIDDOO: Objection, your
9 Honor, I think that the counsel is testifying
10 here.
11 MR. KNAG: This is cross
12 examination, I'm allowed to lead the witness.
13 MS. KIDDOO: I don't think
14 that you're allowed to testify.
15 MR. TYRRELL: You're not
16 adverse.
17 THE CHAIRMAN: He is not
18 counsel from the witness. Whether they are
19 in common interests is, I think, an arguable
20 issue here. He also asked for his opinion.
21 MS. KIDDOO: But,
22 Commissioner, I think what Mr. Knag was doing
23 was essentially testifying without
24 foundation. I don't think he asked a
25 predicate question to the witness.

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1 Frequent Flier program and the Mobile Link
2 program, you consider that to be
3 anticompetitive and discriminatory?
4 A. (Escobar) Yes, that's correct,
5 because in that situation, if I wanted to
6 present the same program to my customers,
7 American Airlines don't want to deal with me
8 because they deal with their carrier. The
9 same situation the Radio Shack dealership,
10 Radio Shack don't deal with anybody because
11 they deal only with the carrier. The same
12 situation with Triple A, only wants to deal
13 with the carrier and, you know, the carrier
14 is SNET Cellular or Springwch, but no Linx.
15 MR. KNAG: That's all I have
16 for now.
17 THE CHAIRMAN: Thank you.
18 EXAMINATION
19 BY THE CHAIRMAN:
20 Q. (Benedict) Mr. Escobar, in response
21 to one of the questions of Mr. Knag, you
22 stated that there is an agreement or a
23 statement that you cannot shift the customer
24 from SNET Linx to Bell Atlantic; is that
25 correct?

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1 MR. KNAG: I think my question
2 is proper. Based on what the testimony has
3 been concerning resale and wholesale mixture,
4 does he consider that to be anticompetitive?
5 It's not even leading.
6 THE CHAIRMAN: We've had,
7 what, four days now of discussions about a
8 mix of this, I think there is enough of a
9 foundation regarding the two primary
10 wholesalers and their retail arms as well.
11 There is sufficient mix to justify that
12 question. Overruled. Please answer the
13 question.
14 A. (Escobar) Yes. I go give one
15 incident. One of my large customers, a
16 specific I'm going to mention U.S. Surgical
17 was attacked by Linx and they did -- Linx
18 representative told we buy telephone service
19 from Linx, that's not true. We buy telephone
20 service for the wholesale division not from
21 Linx.
22 BY MR. KNAG:
23 Q. (Knag) And you feel that the
24 practices that you described whereby you are
25 not allowed access to the American Airlines

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1 A. (Escobar) Yes, that's correct.
2 Q. (Benedict) If I were a customer of
3 Linx and came to you and said, I want to
4 subscribe to Bell Atlantic, could you do that
5 or what would I have to do?
6 A. (Escobar) Well, for one time, SNET
7 prohibit to me to provide that service,
8 unless I continue strategy, you do that, then
9 you --
10 Q. (Benedict) My question is: Are you
11 prohibited from doing that?
12 A. (Escobar) It's not stated in the
13 agreement, no.
14 Q. (Benedict) Thank you.
15 THE CHAIRMAN: Ms. Bryan.
16 MS. BRYAN: Thank you.
17
18 EXAMINATION
19 BY MS. BRYAN:
20 Q. (Bryan) Good afternoon, I'm Valerie
21 Bryan from the Office of Consumer Counsel.
22 Following up on some of the
23 statements in your prefile testimony. If
24 there is one practice that you consider to be
25 the most anticompetitive, what would that be?

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1 A. (Escobar) Well, there are so many, 2 I can't choose one, but I say the 3 structure.	1 the fact that Linx had large Yellow Page 2 advertisements in every SNET Yellow Page 3 directory published in the state.
4 Q. (Bryan) Okay. And why do you 5 consider the rate structure --	4 Was that for any particular time?
6 A. (Escobar) Because the rate --	5 A. (Escobar) Well, this being happened 6 since the inception of the cellular telephone 7 service. Linx have a priority in the covers 8 of the telephone books who not one of the 9 resellers are able to acquire those spaces 10 and additional, in one of the 11 business-to-business directory, on the 12 telephone companies are Linx the one only 13 been advertise in the telephone service for 14 cellular provider.
7 Q. (Bryan) -- For cellular service to 8 be the most anticompetitive?	15 Q. (Bryan) I think you also state in 16 your testimony that it would be quote, 17 "virtually impossible for an independent 18 reseller to be able to afford such 19 advertising."
9 A. (Escobar) A rate structure which 10 SNET Springfield has is only benefit SNET 11 MobileCom, Linx, that's it.	20 Do you know what the cost of one 21 large Yellow Page advertisement would be?
12 Q. (Bryan) And is it the rate 13 structure which you consider then to be the 14 primary reason why the market share of 15 resellers has actually decreased over time, 16 even though the number of resellers has 17 increased?	22 A. (Escobar) Yes, I have some 23 information I asked the representative from 24 the Yellow Pages book to give me. I want to 25 take advertisement in his telephone books and
18 A. (Escobar) Yes, because the 19 resellers are not able to reduce the rate to 20 the customer. When the customer be 21 approached by Linx for 14.95, we cannot go 22 that low.	
23 Q. (Bryan) On page 2 of your 24 testimony, under the heading of "Cost 25 Subsidization," you discuss advertising, and	

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1 everyone exactly same size, same space and 2 same books that Linx have and I want a quote 3 from him. I have a quote from him.	1 think you in your direct testimony today, you 2 indicated that phone equipment is sometimes 3 sold at the retail level for as little as one 4 penny?
4 Q. (Bryan) Do you remember what that 5 quote was?	5 A. (Escobar) Yes, that's correct.
6 A. (Escobar) I don't remember right 7 now. I no look at that for a couple of years 8 but 100,000 dollars who nobody can afford it.	6 Q. (Bryan) Can you tell me what 7 equipment that was?
9 Q. (Bryan) Did you say 100,000?	8 A. (Escobar) Same equipment we sell 9 for two or three hundred dollars.
10 A. (Escobar) More than that.	10 Q. (Bryan) Okay. Now, you're saying 11 that cellular phone equipment is being sold 12 below the wholesale cost as a result of 13 commissions and so on. What, generally, 14 would be the wholesale cost for regular 15 cellular phone?
11 Q. (Bryan) More than 100,000 dollars.	16 A. (Escobar) Well, depend on the 17 equipment. If the cheaper equipment, you can 18 buy in the marketplace, maybe it's about 150 19 dollars for a mobile unit, one of the older 20 units, they may be obsolete coming out of the 21 marketplace. Hand held phones probably are 22 in the range of couple of hundred dollars, 23 179 dollars, I can give you one sample, 24 Motorola flip phone probably cost 175 bucks, 25 that phone been sold to them for one penny.
12 A. (Escobar) They give me a breakdown 13 by month. I can provide that information.	
14 Q. (Bryan) Okay, if we could have that 15 as a Late-File Exhibit?	
16 A. (Escobar) Yes.	
17 THE CHAIRMAN: Late-File 26 18 then will be the Yellow Pages advertising 19 quote.	
20 BY MS. BRYAN:	
21 Q. (Bryan) Do you recall -- or you can 22 include that in the Late-File Exhibit when 23 the quote was given?	
24 A. (Escobar) Okay, I have the date.	
25 Q. (Bryan) In terms of the bundling, I	

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1 Q. (Bryan) And in return for those
2 commissions, it's your understanding that the
3 reseller must agree to remain a cellular
4 customer of a particular carrier for a period
5 of time, usually a year. What's the penalty,
6 if the customer breaks that agreement?

7 A. (Escobar) Normally these customers,
8 when they buy a telephone for one penny, they
9 have to sign as high three or four hundred
10 dollar credit card agreement. If they cancel
11 the service, they charge them to the credit
12 card. There was a particular incident and
13 situation when Linx agent who subscribed
14 several thousand of customer, several
15 thousand customers for as little as 49
16 dollars for telephone equipment, those
17 customer signed 300 dollars credit card. The
18 company was a fly-by-night company and SNET
19 did nothing to protect those customers or
20 Linx no did anything to protect those
21 customers. All those customers, they lost
22 their 300 bucks.

23 Q. (Bryan) Under the heading of,
24 "Rating our Employees and Customers" on page
25 3 of your testimony, you indicate that one of

1 your employees was hired away and that that
2 employee had been -- was responsible for the
3 loss of 66 of your customers, and that they
4 were enticed to leave by promises of large
5 increases in pay to those other employees.

6 In terms of the loss of customers,
7 how do you know that a particular former
8 employee was responsible for that loss?

9 A. (Escobar) Because of the customer,
10 I ask. This particular incident was when
11 Metro Mobile by that time, this girl Jane,
12 she went to work for Metro Mobile and next
13 week we lost 66 customers and I call Metro
14 Mobile to tell them to stop the practice,
15 otherwise I have to take an action.

16 Q. (Bryan) So you basically agreed not
17 to litigate as long as this didn't happen
18 again?

19 A. (Escobar) That's correct, yes.

20 Q. (Bryan) And then in the next
21 paragraph you state that you believe that
22 Linx has targeted your more valuable
23 customers to persuade them to switch to
24 Linx?

25 A. (Escobar) Yes, Linx target my large

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1 customers. Linx had been offering to all my
2 customers better rates and I point to my
3 customers who we charge for incomplete calls
4 and they no charge for incomplete calls.
5 They only charge 25 dollars per month when I
6 charge to them 37 dollars per month. I buy
7 telephone service from them, why I should,
8 you know, deal with you.

9 Q. (Bryan) It states to the best of
10 our knowledge, these customers receive rate
11 plans that were below tariff rates?

12 A. (Escobar) Almost in each instance.

13 Q. (Bryan) How did that come to your
14 attention?

15 A. (Escobar) When we call the
16 customers to find out why he cancelled the
17 service, then the customer sometimes tell us,
18 they switched because they offer lower rates.

19 Q. (Bryan) And then did they tell you
20 what the rate was?

21 A. (Escobar) Sometimes a customer tell
22 you, sometimes don't, customers don't.

23 Q. (Bryan) You don't have any problem
24 with competition among resellers, correct?

25 A. (Escobar) No.

1 Q. (Bryan) But you wouldn't be in a
2 position to know who Linx's largest customers
3 were, correct?

4 A. (Escobar) No.

5 Q. (Bryan) Or any other reseller for
6 that matter?

7 A. (Escobar) No.

8 Q. (Bryan) So you're suggesting here
9 that Linx has an advantage -- let me rephrase
10 the question, it didn't start out to sound
11 that way.

12 Is it -- are you suggesting here
13 then that Linx was able to target your
14 customers because of its connection with the
15 wholesale provider?

16 A. (Escobar) That's correct. I going
17 to give one example how the cellular industry
18 start in Connecticut. In 1985, even in that
19 early stage, Linx used all the database for
20 the parent company, the land-line company to
21 send direct mailing to all the heavy user of
22 land-line telephone service.

23 By sending that mailing in, this
24 way they make sure the interest party
25 receive that mail. Even at that early stage.

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1 we have several problems when the customer
2 are calling for, I need cellular telephone
3 service and they operated so immediately they
4 reroute customer to the Linx, not to our
5 company. Linx, you know, provide the cellular
6 telephone service.

7 Q. (Bryan) And that was in what year?

8 A. (Escobar) Early 1985. And continue
9 to do it today. You try to call today, I
10 need cellular telephone service, and 90
11 percent of the time they reroute you and they
12 give you the telephone number for Linx.

13 My understanding is that which
14 telephone company — there are several
15 company services — that at least a telephone
16 company, you choose which one you want, but
17 not one of the operator because the SNET
18 employees assume Linx is the only company and
19 they immediately give them the telephone
20 number for Linx.

21 Q. (Bryan) Okay. On page four of your
22 prefile testimony under the heading,
23 "Preferential Treatment of In-house Retail
24 Divisions," you discuss the administration of
25 the switch for activating and deactivating

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1 cellular telephone numbers or change in
2 features. I'm a little confused on what that
3 switch is. Is there one switch for all of
4 the resellers or just each reseller have a
5 switch?

6 A. (Escobar) Well, the way they
7 operate right now is we have to call SNET
8 Cellular who I don't know if today it's SNET,
9 Linx or SNET Mobility, I don't know today
10 which is really the company, who really is
11 the one providing me the service. We call
12 them and we give it to them the extension
13 number and mobile number to activate the
14 number. That process happen sometimes in 20
15 minutes, sometimes it happens in two minutes
16 and sometimes it happens in two hours, or
17 sometimes that no happen at all.

18 Q. What is the advantage to Linx of
19 having the ability to activate numbers at any
20 time including on the weekend?

21 A. (Escobar) Well, Linx have access
22 direct to the switch and billing system and
23 they can activate the customer at any time.
24 The process can be done very quickly and can
25 do it after hours or any time when they wish.

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1 Q. (Bryan) So what is the advantage of
2 that?

3 A. (Escobar) What is the advantage for
4 Linx? They can respond quickly to the
5 customer. On Saturdays we cannot activate
6 numbers, they will activate Saturday numbers
7 or Sunday or holidays.

8 Q. (Bryan) So would it be fair to say
9 also that Linx could potentially add new
10 revenues by being able to hook somebody up on
11 a Saturday instead of having to wait till
12 Monday?

13 A. (Escobar) That's correct, yes.

14 Q. (Bryan) Okay. And you recently
15 found this out how?

16 A. (Escobar) Well, we found it because
17 a customer came to us and he wanted service
18 right away on a holiday, and I could not
19 activate him. Then he called me the next
20 following day to cancel his order number
21 because he said, "You lied to me. We could
22 activate numbers today."

23 Q. (Bryan) And since you became aware
24 of this practice, which your testimony
25 characterizes as preferential and

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1 anticompetitive, have you contacted
2 Springwich?

3 A. (Escobar) Yes, I have been asking
4 to them many times to give me access to
5 activate numbers and I offer myself back
6 three, four years ago to be a guinea pig to
7 test the system to make available just for
8 one reseller who is not being working out, be
9 user to the full potential.

10 Q. (Bryan) And so you still don't have
11 the ability to activate and deactivate
12 telephone numbers on weekends?

13 A. (Escobar) That's correct. One of
14 the reason also they give me, is you too
15 small, you know, you don't need that.

16 Q. (Bryan) Do you know whether any
17 other reseller besides Linx has this ability?

18 A. (Escobar) Well, I understand that
19 all the resellers might have the ability.
20 They give you the opportunity. I don't know
21 why they don't execute that.

22 Q. (Bryan) Let me make sure I
23 understood your testimony. You're saying
24 that the other resellers besides Linx do now
25 have the ability to activate and deactivate

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1 the switch on the weekend, but you don't?

2 A. (Escobar) My understanding is that
3 one other reseller.

4 Q. (Bryan) Are there other resellers? Any?

5 A. (Escobar) One other reseller maybe
6 have that ability.

7 Q. (Bryan) Okay.

8 A. (Escobar) But seem to me that
9 reseller only have the ability if Linx are in
10 operation that day, but he cannot do it if
11 Linx is closed that day.

12 Q. (Bryan) You also state that roaming
13 charges are not -- I'm sorry. It states here
14 that Springwiche charges Linx less for roaming
15 charges than it does to the other resellers.

16 What's the basis for that
17 statement?

18 A. (Escobar) Well, we have a customer.
19 we have lost customers because they get
20 better rates in the roaming with Linx and we
21 pay higher rates than that.

22 Q. (Bryan) So you know that Linx's
23 roaming charges are less, but what's the
24 basis for the statement that Springwiche
25 charges Linx less?

1 A. (Escobar) Well, you know, I seem
2 to me, and it's very obvious and everybody
3 been seeing it. It's not a secret. It's
4 everybody's business. It's a billing
5 established. It's a billing established.
6 established. It's a billing established. It's
7 service. It's a billing established. It's
8 deals with the public. It's a billing
9 Shack. With all large organizations on behalf
10 of Linx.

11 Q. (Bryan) I think there was further
12 testimony on the unfair billing practices.
13 Let me just check my notes for a minute.
14 (Pause.)

15 BY MS. BRYAN:

16 Q. (Bryan) There was some discussion
17 about an agreement which you did not sign
18 with SNET -- with Springwiche?

19 A. (Escobar) Excuse me?

20 Q. (Bryan) You testified earlier to an
21 agreement that you would not sign with
22 Springwiche.

23 A. (Escobar) Yes.

24 Q. (Bryan) Okay. Was it your
25 understanding that that was a standard

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1 agreement that Springwiche sought from other
2 resellers?

3 A. (Escobar) Well, my understanding
4 all the resellers had been signed that
5 agreement.

6 Q. (Bryan) You indicated also earlier
7 that there was concern on the part of
8 resellers of repercussions if they were to
9 complain to the DPUC in this proceeding?

10 A. (Escobar) Yes.

11 Q. (Bryan) What was the basis for that
12 statement?

13 A. (Escobar) One reseller say he is in
14 negotiation with SNET and he come to this
15 proceeding the negotiations going to end.
16 And all the resellers say to me, well, what
17 for I go over there, SNET own the public
18 utilities.

19 Q. (Bryan) Did you get any sense as to
20 what repercussions resellers were concerned
21 about?

22 A. (Escobar) Well --

23 Q. (Bryan) Aside from negotiations
24 breaking off?

25 A. (Escobar) A lot of resellers, they

1 have sometime or another a similar
2 situation, like if I complain, you will be
3 restricted. If I complain, you will have to
4 pay in a weekly basis or if I complain you
5 have to pay, you know, accept a lockbox. If
6 you complain, you know, you don't get better
7 discounts or whatever.

8 Q. (Bryan) Okay. Now, all of those
9 practices which you just referred to, were
10 those written down anywhere or did you ever
11 see a manual or a policy guide that was given
12 to you indicating what the conditions were of
13 being a reseller?

14 A. (Escobar) Yes. We have a reseller
15 manual, but it's nothing in that manual say
16 don't complain.

17 Q. (Bryan) The manual addresses some
18 of the processes which you mentioned, the
19 lockbox and so on?

20 A. (Escobar) No, that manual, there is
21 no mention lockbox or anything like that.

22 Q. (Bryan) Okay. And is that manual
23 updated from time to time?

24 A. (Escobar) No. SNET no update that
25 manual probably since 1987 or '88.

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1 Q (Bryan) And is it your
2 understanding that that manual is supposed to
3 govern your relationship with Springwch
4 except for any other items, tariff items?
5 A. (Escobar) That manual contain
6 thousands -- we do business each other, okay,
7 and there is a section for the tariff, and
8 there is a diagram showing the structure of
9 cellular business, how Linx is totally
10 independent division, but in real life it's
11 not.
12 MS. BRYAN: I'd like to
13 request that that manual be provided as a
14 Late-Filed exhibit. It might be easier to
15 have Springwch provide it, but if it's not
16 too burdensome for you, Mr. Escobar, to
17 provide it, I think that would be appropriate
18 as well.
19 THE CHAIRMAN: This is the
20 Springwch manual for resellers, I guess is
21 the best way to describe it.
22 MS. BRYAN: Yes, and it's
23 referenced in one of the correspondences.
24 THE WITNESS (Escobar): I
25 believe it's in the title of Reseller Guide,

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1 THE CHAIRMAN: Thank you, Ms.
2 Bryan. Mr. Rosario.
3
4 EXAMINATION
5 BY MR. ROSARIO:
6 Q. (Rosario) A few questions for you,
7 Mr. Escobar. I realize you've been here a
8 long time and I don't want to repeat a lot of
9 questions that you've been asked before.
10 You mentioned an agreement that
11 other resellers have been asked to sign. Do
12 you remember that?
13 A. (Escobar) Yes.
14 Q. (Rosario) Is that the
15 confidentiality agreement?
16 A. (Escobar) Yes. No, not
17 confidentiality agreement. I'm talking about
18 the agreement who they give a discount or
19 pardon fees or take a lien in your customers.
20 Q. (Rosario) Were you asked by SNET to
21 sign a confidentiality agreement?
22 A. (Escobar) For that purpose?
23 Q. (Rosario) Yes.
24 A. (Escobar) Yes.
25 Q. (Rosario) Did you refuse to sign a

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1 I believe.
2 MS. BRYAN: And I think it is
3 referenced in either Late-File Exhibit 24 or
4 5.
5 THE CHAIRMAN: Okay, then
6 Late-File 27 will be the Springwch
7 reseller's guide.
8 MS. BRYAN: I think this is 28
9 because 27 was the advertising quote.
10 THE CHAIRMAN: No, that's 26.
11 MS. BRYAN: I'm sorry.
12 THE CHAIRMAN: Twenty-four was
13 the letter and Leonhardt response, 25 was the
14 two letters, 26 is the Yellow Pages.
15 MS. BRYAN: Okay, got it.
16 Thanks.
17 BY MS. BRYAN:
18 Q. (Bryan) Mr. Escobar, do you want to
19 file that then?
20 A. (Escobar) Excuse me?
21 Q. (Bryan) Can you file that manual?
22 A. (Escobar) Yes.
23 Q. (Bryan) Okay. All right.
24 MS. BRYAN: Thank you. That
25 completes my questions.

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1 confidentiality agreement?
2 A. (Escobar) Yes.
3 Q. (Rosario) Would that
4 confidentiality agreement prohibit you from
5 telling people about Springwch's prohibition
6 against you switching customers to Metro
7 Mobile, would that confidentiality agreement
8 prevent you from talking about that?
9 A. (Escobar) There is a section for
10 that, yes.
11 Q. (Rosario) Do you know if any
12 other --
13 A. (Escobar) No say specific to Metro
14 Mobile, but other carrier.
15 Q. (Rosario) Okay. To your knowledge,
16 have any other resellers been asked to sign a
17 confidentiality agreement?
18 A. (Escobar) I believe so. Almost
19 every reseller in Connecticut have sign the
20 agreement. Probably the only reseller who
21 don't sign the agreement is GTB Motorola, and
22 the major companies because they know they
23 can fight them, but I even include, I
24 believe, a seller who say 1993 have three
25 customers, I think, so he have agreement

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1 attached to his three customers.
2 Q. (Rosario) Now, you've gone through
3 some detail with Ms. Bryan over your profile
4 testimony and I don't want to repeat all of
5 what you've been asked or answered, but I
6 want to summarize some things, if it's okay
7 with you.

8 We talked about on page 4
9 preferential treatment of Springwiche's
10 in-house retail divisions. In the last
11 sentence of that paragraph, you state, "The
12 effect is to give the impression that only
13 Linx can offer these features or prices."
14 That's really the point that you're trying to
15 make, that it's because of this preferential
16 treatment it looks like Linx has features
17 that you don't have; is that correct?

18 A. (Escobar) Well, you know, what I
19 found is the consumer been taking the
20 position or start thinking if SNET has be
21 able to manage to say to the customer or the
22 consumer believe hey, do business with us,
23 it's cheaper for you, he is a third party,
24 you're going to pay higher, a similar
25 situation with long-distance telephone

1 services start.
2 Q. (Rosario) And I believe you also
3 said in your testimony that you thought that
4 one of the objects of SNET's -- not
5 Springwiche's rating of your employees or
6 customers was to drive you out of business;
7 is that what you believe the object of
8 their --

9 A. (Escobar) That's correct, because I
10 think so and when I compare more than any
11 other reseller, some of the resellers, the
12 owners of the company they are active and they
13 are -- depend on their employees and the
14 employees, they don't put it that much
15 attention to the company like the way that
16 the owner will do.

17 Q. (Rosario) I believe you also
18 believe that generally SNET and Springwiche
19 would prefer the wholesalers would prefer it
20 if there were just two retail arms and no
21 resellers; is that your opinion?

22 A. (Escobar) Excuse me?

23 Q. (Tyrrell) If there weren't
24 resellers --

25 MR. TYRRELL: Objection, I

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1 don't know what the basis for the question
2 is, how this witness can testify as to what
3 he believes the intention of somebody else
4 is.

5 BY MR. ROSARIO:

6 Q. (Rosario) I'm just reading from his
7 profile testimony on page 3.

8 THE CHAIRMAN: It would be
9 given the credibility --

10 BY MR. ROSARIO:

11 Q. (Rosario) The bottom of the page
12 says, the only reason they are doing this is
13 to drive the independent resellers out of
14 business. I was just questioning whether or
15 not you thought that they generally prefer if
16 they were just Linx and Metro Mobile, just
17 the retail arms of the wholesalers, is that
18 your opinion?

19 A. (Escobar) Well, it's obvious SNET
20 have found the magic formula to keep the
21 resellers in a small status, because it's a
22 threat for them, definite. They are --
23 resellers own the customer and they able to
24 sell or have a value for that customer pays
25 and if any big reseller organization will

1 come here in this state, probably SNET will
2 change their attitude.

3 MR. ROSARIO: That's all I
4 have.

5 THE CHAIRMAN: Thank you, Mr.
6 Rosario. Mr. Tyrrell.

7 MR. TYRRELL: Nothing.

8 THE CHAIRMAN: Mr.
9 Knickerbocker.

10 EXAMINATION

11 BY MR. KNICKERBOCKER:

12 Q. (Knickerbocker) I have just one
13 question. Mr. Escobar, these agreements that
14 you discussed first with Mr. Knag and a
15 little bit with Attorney Bryan that may
16 prohibit you from switching customers from
17 Springwiche to Metro Mobile, would I be
18 correct in assuming that in the absence of
19 those agreements you might be inclined to
20 otherwise switch customers to Metro Mobile?

21 A. (Escobar) No. Because I no believe
22 certain customers should be in the trouble to
23 switch from system to system unless the
24 system don't perform, the system be is with
25

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1 But in my situation, when that agreement I
2 have, I had customers who are not happy or
3 are dissatisfied with SNET, then I lose that
4 customer and they totally -- I lose that
5 business.

6 Q. (Knickerbocker) So are you saying
7 that you don't typically steer a customer to
8 one wholesaler versus the other?

9 A. (Escobar) I provide my services to
10 the customer, depend where he is located and
11 what is the best telephone service for his
12 basic use.

13 If you going to tell me you live in
14 Westport, that town, the majority calls you
15 make, they are in Westport, that town, I
16 would recommend the B system, because the A
17 system is very bad in that area.

18 On the other hand, the customer
19 come and say to me, I'm in the Fairfield area
20 or the Greenwich area, I going to say the
21 customer, the A system is the best for you.
22 I try to give the best system for my
23 customer.

24 Q. (Knickerbocker) So from the point
25 of view of the end-use customer, there are

1 competitive differences between the two
2 carriers?

3 A. (Escobar) ... two
4 carriers are -- they have a lot of difference
5 in the territory they cover, the area they
6 cover, how fast they can correct any problems
7 or the overload of the system.

8 Q. (Knickerbocker) And also according
9 to Mr. Mizeski's testimony, from the point of
10 view of the reseller, there are also
11 competitive differences between the two
12 carriers in such matters as equal access,
13 refunds and things of that nature?

14 A. (Escobar) That's correct, yes.

15 MR. KNICKERBOCKER: Thank you.
16 I have nothing further.

17 THE CHAIRMAN: Mr. Tyrrell.

18 MR. TYRRELL: Yes, I have just
19 a couple of questions on recross, some of the
20 other questions asked after I had my
21 opportunity would deal further than I was
22 able to cover on my cross.

23 THE CHAIRMAN: Okay. Mr.
24 Ryan.

25 MR. TYRRELL: Just a couple of

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1 questions, that's all they are.

2 MR. RYAN: We have recross.
3 We haven't had redirect yet.

4 THE CHAIRMAN: You want
5 redirect before recross?

6 MR. RYAN: No, I don't want to
7 ask any questions.

8 THE CHAIRMAN: There is no
9 redirect, for the record. Continue.

10 BY MR. TYRRELL:

11 Q. (Tyrrell) Mr. Escobar, you had
12 testified, Mr. Knag was asking you questions
13 about discussions and meetings you had with a
14 group of people, I guess, Mr. Dammling, Mr.
15 Lindblad, Mr. Bluemling, I take it from the
16 types of discussions that you are referring
17 to, it was in a time period from 1990 to
18 1994; is that approximately correct?

19 A. (Escobar) No, before that, too,
20 also.

21 Q. (Tyrrell) Okay. And with regard to
22 the agreements that you were asked to sign or
23 not sign, we're talking from 1990 to 1994?

24 A. (Escobar) From, I can say from 1989
25 on.

1 Q. (Tyrrell) And during all that time
2 you were represented by a law firm, were you
3 not?

4 A. (Escobar) Not all the time.

5 Q. (Tyrrell) You were during the
6 discussions about the agreements, though?

7 A. (Escobar) In some, I signed in the
8 instance of the agreement, by myself.

9 Q. (Tyrrell) And was Mr. Ryan
10 representing you for a number of years?

11 A. (Escobar) In some of those
12 instances, yes.

13 THE CHAIRMAN: Anything
14 further?

15 Thank you, Mr. Escobar, you
16 are excused. We'll take a break till about
17 20 till.

18 (Witness excused.)

19 THE CHAIRMAN: When we come
20 back, I guess Mr. Bluemling, Mr. Brennan and
21 Dr. Hausman are going to come forward. We
22 are going to try and settle the matter on
23 production of materials and then go into
24 scheduling as well.

25 (Whereupon, a recess was taken

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<p>1 from 2:25 o'clock p.m. until 2:40 o'clock 2 p.m.)</p> <p>3 4 MARK BLUEMLING, 5 JEROME BRENNAN, 6 having been previously duly sworn, 7 were examined, and testified further on 8 their oaths as follows:</p> <p>9 10 (Whereupon, Commissioner 11 Kenney and Hunt entered the hearing room.) 12 THE CHAIRMAN: Please be 13 seated.</p> <p>14 With me on the bench and 15 slightly to my right, I guess a lot to my 16 right, Commissioner Hunt and Commissioner 17 Kenney. I guess we're ready to start 18 discussing materials. Mr. Knag.</p> <p>19 MR. KNAG: I'm advised that 20 SNET has some direct examination they want to 21 put on before they get to the cross 22 examination.</p> <p>23 THE CHAIRMAN: And this can be 24 open, right? 25 MS. KIDDOO: That's an</p>	<p>1 interesting question and I think one that 2 raises the scheduling question right away 3 here. Perhaps what we ought to do is talk 4 about Mr. Knag's -</p> <p>5 THE CHAIRMAN: I see we've got 6 the calendar sitting back there so.</p> <p>7 MR. KNAG: Let me just talk to 8 the scheduling problem. You indicated that 9 Tuesday the 7th was the day on which you 10 wished to or were tentatively talking about 11 or already on the schedule for the experts 12 session, and Mr. King, at this point, my 13 expert has been called for jury duty on the 14 7th, and I informed him -</p> <p>15 THE CHAIRMAN: Isn't this 16 enough of a quasi-judicial proceeding?</p> <p>17 MR. KNAG: I informed him that 18 I thought we could arrange to get that 19 changed, and the other problem though is that 20 if we have documents and we would hope that 21 this would be the last session, we would need 22 to have the documents early in the day on 23 Monday in order to be able to go forward on 24 Tuesday, and I would be willing to go forward 25 on Tuesday if we can have the documents by</p>

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<p>1 10:00 a.m. on Monday, whatever those 2 documents are.</p> <p>3 Unfortunately, we discussed a 4 number of other dates after the 7th, the next 5 day on which everybody could agree that 6 experts were all available, et cetera, and 7 the lawyers are available was the 24th, which 8 is very late in the process because we hoped 9 to get the briefs done by the 22nd, so I 10 would hope that we could have any documents 11 done and submitted by 9:00 a.m. on Monday and 12 then we can go forward on Tuesday.</p> <p>13 THE CHAIRMAN: Well, the other 14 thing is my schedule shows that Monday we 15 have, Monday the 6th, yes, set aside for 16 nonexpert witnesses.</p> <p>17 MR. KNAG: But I don't believe 18 that there are any more nonexpert witnesses.</p> <p>19 THE CHAIRMAN: There aren't 20 except for Late-Filing.</p> <p>21 MS. KIDDOO: Most of the - I 22 have some Late-Filed redirect for Mr. Brennan 23 and Mr. Bluemling which could be open on 24 Monday, but I think the vast majority of the 25 testimony from here on out is proprietary</p>	<p>1 information for which I think everyone would 2 agree the experts should be present.</p> <p>3 THE CHAIRMAN: Do we have any 4 estimate of time on this? Can we get it done 5 in one day?</p> <p>6 MR. KNAG: I believe so.</p> <p>7 MS. KIDDOO: Commissioner 8 Benedict, I thought that we could get this 9 hearing done in two days, so I'm not a very 10 good estimator, but I would not see why not.</p> <p>11 THE CHAIRMAN: Well, for 12 scheduling purposes then let's plan on 13 starting at 9:00 a.m. on Tuesday and we're 14 going to go until we're done and if that's 15 7:00 or 8:00 Tuesday night, I'll cancel 16 dinner.</p> <p>17 MR. KNICKERBOCKER: Just for 18 the record, Commissioner, I'm just informed 19 that Mr. Shulman may not be available on the 20 24th, hopefully that won't be a problem.</p> <p>21 THE CHAIRMAN: Well, we'll 22 address that day when and if we need to get 23 to it.</p> <p>24 MR. KNICKERBOCKER: I hope we 25 don't.</p>

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APPENDIX C